

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2381 - SB 2364

March 11, 2016

SUMMARY OF BILL: Sunsets the Hamilton County water and wastewater treatment authority, granted pursuant to the Water and Wastewater Treatment Authority Act, effective July 1, 2021.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$10,000/FY21-22*

Assumptions:

- The proposed bill sunsets the authority granted for water and waste water treatment created in Hamilton County.
- The Hamilton County Water and Wastewater Treatment Authority (HCWWTA) regulates the quality of water discharged into the wastewater collection system and treatment works, regulates the quality of construction of extensions to the sewer, and encourages the expansion of sewers of the wastewater collection system for eight local governments.
- According to the Department of Environment and Conservation (TDEC), the HCWWTA currently has two outstanding loans totaling \$10,000,000 from the safe water revolving fund, and it is estimated that \$6,000,000 will not be paid off until after 2021. However, it is assumed that all obligations will be settled prior to the dissolution of the Authority or such obligations will be allocated among the participating local governments. Any impact on the State Revolving Fund loan program is estimated to be not significant.
- According to local sources, the proposed bill will likely have a fiscal impact on municipalities in Hamilton County that use HCWWTA. It is unknown how significant the impact will be once the HCWWTA sunsets because it is unknown who will provide sewer services, terms of any new service provider contract, if the provider will have the necessary equipment to provide the service, and what entity will absorb the costs.
- However, it is reasonably estimated that a one-time mandatory increase in local expenditures estimated to exceed \$10,000 will be incurred during the transition from the current HCWWTA to a new provider; such one-time expenses are assumed to occur in FY21-22.

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**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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